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This is in response to a request by the HSCA staff members to review LICHANT-1's production. According to our records, LICHANT-1 was included under the KDACETONE (formerly LIHUFF) project; and, as in the case of LICOOKY-1, no separate production folder exists. Attached is the LIHUFF project.

and Plans

USIS Mexico City

Message No 40

10 December 1962

" CONFIDENTIAL"

SUBJ: Activities of Student Affairs Officer; Activities of Various Student groups

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6 August 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT: Termination of Project LIHUFF

- 1. It is requested that the LIHUFF Project be terminated, effective 30 June 1970.
- 2. Project LIHUFF covered funds for one agent, LIHUFF-1, a U.S. businessman resident in Mexico City who had served in World War II with U.S. military intelligence (MIS/X). LIHUFF-1 provided the Mexico City Station with access into the right-wing political groups and the American Chamber of Commerce in Mexico. He also obtained Dunn and Bradstreet reports for the Station and performed other tasks from time to time.
- 3. LIHUFF-1 was actually terminated effective 28 February 1970. No funds were expended for the termination, as he was not given a termination payment. He was paid his salary of \$300 per month, plus social security contributions, up until the time he was terminated. During FY 1970 \$2,528.41 of LIHUFF Project funds were expended.
- 4. There were no known problems or security risks in connection with the termination. A quitclaim was not obtained. LIHUFF-1 was advised concerning his social security benefits derived from his CIA employment and told to contact the Station should he have further questions.

Acting Chief, WH/1 ...

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MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Renewal of Project LIHUFF

1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1969 through 30 June 1970. The Project was budgeted for \$4,000 for FY 1970 and funds are available within WH Division.

- 2. LIHUFF represents Mexico City Station's access into right wing political elements and organizations in Mexico, and provides contact with the large and influential American business community there. In addition, his access to Dun and Bradstreet reports has also been useful in carrying out checks on WOLADY citizens of operational interest to the Station. During the project year three field information reports were credited to the Project, one of which was disseminated by Headquarters, and some thirty-five background investigations and file traces were conducted by the agent.
- 3. In paragraph D "Effectiveness" of the attached renewal request it was noted, "He (LIHUFF-1) also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia." A review of the LITEMPO Project reveals that LITEMPO-4 was paid \$4,000.00 by the Station to organize and rally as many students as possible in addition to the MURO planned demonstration in front of the Soviet Embassy, and to Headquarter's knowledge LIHUFF-1 did not organize the student demonstration on behalf of the Station.
- 4. The Desk feels that this Project should be reviewed during the upcoming project year to determine whether it should be continued.

acting Uniel, WH/1

11 July 1969

MEMORANDUM FOR: DC/WII

SUBJECT : Renewal of Project LIHUFF

- 1. Project LIHUFF covers a singleton agent (a U.S. citizen) who has been managed directly by the COS, Mexico City, and who has worked for WHD for more than twenty years, beginning and continuing in Mexico. LIHUFF-1 provides the Station access to right-wing political elements and contact with the American business community in Mexico City (he is executive director of the American businessman's association).
- 2. The project provided three disseminations in Fiscal Year 1969, and it is deemed unlikely that it will ever be a source of effective and meaningful intelligence.
- 3. WH/FI suggests that LIHUFF-1 be considered for one or several specific support tasks, which represent a continuing burden for Station Mexico City, and that he no longer be considered as a source of intelligence.
- 4. If it is ascertained that he can perform/support task(s), we advise that the project be terminated. In the meantime, we recommend approval in the amount of \$4,000 for Fiscal Year 1970.

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RHR cc: WH/l

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	1) LIHUFF Project Renewal				

ACTION REQUIRED - REFERENCES

HMMW-17191, 2 April 1969 Reference:

Forwarded by split transmission is the LIHUFF Project Renewal Request for the period 1 July 1969 through 30 June 1970 for a total of U.S.\$4,000.00.

for/Willard C. CURTIS

Attachments:

Project Renewal Request - Left Side - Herewith
 Project Renewal Request - Right Side - Under Separate Cover

Distribution: 2 - C/WHD, w/att 1, 2 copies (h/w); w/att 2, 2 copies (u/s/c)

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CROSS REFERENCE TO DEPATCH SYMBOL AND KUMBER 8 May 1969 HMMA-37098 CLASSIFICATION HQS FILL NUMBER 150-124-28/1 SECRET

REQUEST FOR PROJECT RENEWAL

~0**0** 

PROJECT

s/c att: 1

Willard C. CURTIS

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CS COPY

50-124-25/1

# REQUEST FOR RENEWAL PROJECT LIHUFF

## A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico, UNAM).

#### B. CHANGES

1. Operational Mechanism

There have been no changes in this respect since the previous project renewal was submitted.

2. Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

# C. INTELLIGENCE PRODUCTION

- 1. Three disseminated reports were credited to this project during FY 1969:
  - HMM-11890 "University Rector's Conviction that U. S. Promoted Student Riots."
    - HMM-12003 "Views of Minister of Industry and Commerce on Forthcoming Visit of Nelson Rockefeller."
    - HMM-12008 "Views of Minister of Industry and Commerce on Government Control of Radio and Television."

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2. This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. Its real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOLADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them.

#### D. EFFECTIVENESS

During the project year, the agent provided the Station with details on a proposed new federal labor law (which was subsequently passed) and an analysis on how this new law would affect foreign investors or companies. The agent also kept the Chief of Station, Mexico, advised of right-wing political activities and student agitation. He also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia. LIHUFF-1 conducted about thirty-five background investigations and file traces for the Station.

# E. PROBLEMS

This project has presented the Station with no problems of security or cover.

# F. LIAISON

This project involves no liaison relationship.

# G. INTERAGENCY COORDINATION

This project involves no interagency coordination.

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#### H. PLANS

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Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing

political minority groups and for investigative and background information on persons of operational interest. The Station will also use LIHUFF-1, when so requested by Headquarters, to organize public demonstrations such as the one mentioned in paragraph D above.

# I. FUNDS

	LIHUFF-1 Sa	lary	FY 1969 \$ 3,600	FY 1970 \$ 3,600	FY 1971
	Social Secu tribution	rity Con- @ \$14.40/mc	onth 175		\$ 3,600
	Operational	Expenses	225	175	175
J.	ANNEX	Total	\$ 4,000	\$ 4,000	\$ 4,000
	None				,000

# K. EMERGENCY CONDITIONS

There has been no change since the original emergency meeting conditions were reported.

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This is a rout	ine reminder that th	e LIHUFF Project
denewal Request is	due at Headquarters	12 June 1969.
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ACTION REQUIRED - REFERENCES LIHUFF has been approved for the period 1 July 1968 through 30 June 1969 in the amount of \$4,000, \$400 of which is available for disbursement in the field (\$3600 is payrolled at Headquarters). eresa H. BACHARDY Distribution: Orig. & 1 - COS, Mexico City 50-124-28/1 CS COPY 1 AUS 1900 DISPATCH SYMBOL AND NUMBER DATE CROSS REFERENCE TO 22 July 1968 HMMW-16521 HQS FILE NUMBER CLASSIFICATION 50-124-28/1 SECRET ORIGINATING OFFICE 6954 WH/1 COORDINATING OFFICE SYMBOL DATE OFFICER'S NAME INED RI CHRONO <del>701 53</del> <del>ол ын .ев</del> RELEASING OFFICE SYMBOL OFFICER S SIGNATUI

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9 July 1968

MEMORANDUM FOR: C/WHD

SUBJECT : Project LIHUFF Renewal

- 1. This covers a singleton asset (LIHUFF-1) who is managed by COS, Mexico Station, and who serves as a general utility agent for the COS.
  - 2. Reporting is deficient.
- 3. This appears to be a bread and butter type project. It has been used successfully (e.g., during the YEVTUSHENKO visit to Mexico), and WH/FI accedes to the recommendation to renew.

Thomas Polgar C/WH/FI

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cc: WH/1

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2 July 1968

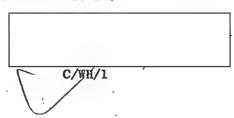
MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT:

Renewal of Project LIHUFF

1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1968 through 30 June 1969. The project was budgeted for \$4,200 for FY 1969 and funds are available within WH Division.

2. During the past year, one progress report was received, in June 1968, recapitulating the activities reported in the attached renewal request. Although the Station has made use of LIHUFF's relations with the right wing student organization, MURO, in connection with Evgeniy YEVTUSHENKO's visit to Mexico this spring, the use of MURO is being de-emphasized. The main value of LIHUFF'1, a long time collaborator previously serving in and beginning in OSS days, is his availability to service various requests which the COS may make of him and to provide insight into the activities of the extreme right wing of Mexican politics. His access to Dun and Bradstreet reports has also been useful.



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REQUEST FOR PROJECT RENEWAL

PROJECT LIHIER

CASE OFFICER

Willard C CURTYS

STATION <u>Mexico City</u>

CHIEF OF STATION

Willard C. CUPTES

FERWARDED BY SPLIT TRANSMISSION NO FIELD DESCRIPTION

S Mr.

SECRET/KAPOK

50-124-28/1

HINATTAIL HMMA-34773

5/c ATT. 2 t HMMA-34773

#### REQUEST FOR RENEWAL

#### PROJECT LIHUFF

#### A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

#### B. CHANGES

1) Operational Mechanism

There have been no changes in this respect since the previous project renewal.was submittled.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

#### C. INTELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. It's real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOLADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them. For example, some forty Dunn & Bradstreet reports have been obtained (via LIHUFF/1) on persons and/or organizations of interest.

#### D. EFFECTIVENESS

During the project year, the agent provided the Station with

SECRET/KAPOK

- 2 -

details of Mexican Government plans to impose legislative restrictions on foreign investments and Government advice to banks to limit loans to companies with an appreciable amount of foreign capital.

This agent kept the Chief of Station, Mexico, advised of right-wing political activities and student participation in anti-LNHARP demonstrations which occurred at least once each month during the past year.

LIHUFF-1 conducted some twenty background investigations and file traces for the Station, in addition to those cited in C above.

In March LINLUCK prevailed upon a Mexican book publisher to print copies of the LINLUCK open letter to Yevtushenko as well as the text of the telegram by Soviet intellectuals to the Consultative Conference of Communist Parties in Budapest asking for an end to Soviet persecution of intellectuals. The latter handbill was illustrated with LINLUCK pen and ink drawings of Sinyavsky and Daniel behind barbed wire. At the same time the Station produced several thousand cartoon and text handbills of a beatnik Yevtushenko dancing into Mexico tossing flowers. Turning a fold of the handbill revealed a Russian officer striking off the nib of a Soviet writer's pen with his sword. In a wet run in January LITEAR. 1 directed four small boys in the distribution of the cartoon handbill in the artists' district of Mexico where Station monitors watched students and artists read and pocket the cartoon handbill. The cartoon handbill was again distributed in the artists' district' on the day of Yevtushenko's arrival. The following day, when Yevtushenko held his first recital at Mexico City's Chapultepec Park, one of the handbills was distributed by LICOAX students, while members of the "MURO" rightist student organization under direction of LIHUFF quietly distributed the other two handbills. Station officers verified that everyone in the audience held copies of the black WOFIRM material.

#### E. PROBLEMS

This project has presented the Station with no problems of security or cover.

# F. LIAISON

This project involves no liaison relationship.

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## G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

#### H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups and for investigative and background information on persons of operational interest.

#### I. FUNDS

- 1. The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1967 through 31 May 1968 was approximately US \$200.00 which does not include the agent's salary of US \$3,300 (\$300 per month)-advanced locally and T/Aed to Headquarters.
- 2. During the period 1 July 1968 through 30 June 1969, an estimated US \$4,000 is requested. It will be used in the following manner:

Total

LIHUFF-1 salary	•	3,600
Operational Expenses		400

The above represents what the Chief of Station, Mexico City believes is the minimum that will be required to keep a working-level relationship with this agent and his organization.

4,000

#### J. ANNEX

None.

# K. EMERGENCY CONDITIONS

There has been no change since the original emergency meeting conditions were reported.

SECRET/KAPOK

Chief, Western Hemisphere Division  Chief, Western Hemisphere Division  Renewal of LIEUFF  We remind you that we would appreciate receiving the  LIEUFF venewal a month before the project termination date, which is 30 June 1968.  Theresa H. BACHARDY  Distribution: Orig. & 1 - COS, Mexico City  CS COPY  4 APP 1969 50 -124-23, PRIMW-16279  CONSTRUCTOR  B E C R E T  ORIGINATIVE  CONTROL JUNE 1968  B E C R E T  ORIGINATIVE  CONTROL JUNE 1968  B E C R E T  ORIGINATIVE  CONTROL JUNE 1968  C	USPATCH		Ticatich	;		PROCESSING ACTIO	J74
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MEMORANDUM FOR: MPS/BG/FI

SUBJECT

CA Aspects: Project LIMUFF (FI)

cf CIA funds to Lihuff action groups in 1965, and although little money is currently passed to Lihuff-1 for ops and support purposes 18120 in FY 1967, \$600 projected for FY 1968), the Station is continuing to use Lihuff-1 for aid hoc political action. This involves mainly Station requests and guidance for specific operations, principally narraement age tions conducted by MURO, the militant arch-rightist and Communist student group at the Universided Nacional Autonoma de Maxico (UNAM).

- 2. CA/PEG questions whether the use and encouragement of MURO for these purposes is consistent with OD objectives or USO interests in Mexico, even though most of the MURO actions supported by us are directed at non-UNAM targets. Any encouragement or support to MURO, for whatever reasons, will have the inevitable by-product of rountaining and building up the prestige and influence of MURC on the UNAM campus-s result antithetical to the objectives of other Station and Embassy efforts in the student field in Moxico (e.g., Project LICOAX).
- F. We appreciate the need for a Station militant action team for a specific harasement purposes as the need arises. We believe, however, that the long-range negative effect of perpetuating MURO curvetible the sections about transportant to be derived from MURO harasement accions at our transpation. We cannot therefore endorse this GA aspect of the LIHUFF project as presented.

(signed)
Kenneth Y. Millian
KENNETH Y. MALLIAN
C/CA/PEG

Sent orig. to WH Div. with following note: Believe this abould have been addressed to C/WH with a copy to MFS/BG. If a roply to made to CA/PEG, would appreciate a copy of it for MPS/BG project file. Thank you, LEM

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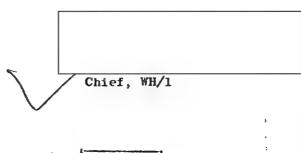
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MEMORANDUM TO: Chief, Western Hemisphere Division

SUBJECT : Request for Renewal of Project LIHUFF

1. It is requested that Project LIHUFF be renewed in the amount of \$4,200.00 for the period 1 July 1967 through 30 June 1968. Funds are available in WH Division. Project costs are estimated to be the same as last year.

2. LIHUFF represents Mexico City Station's access into right wing circles, and also provides contact and rapport with the large and influential American business community there. It will be observed from the attached renewal request that a considerable portion of the project's accomplishment was along political action lines, but it has nevertheless been decided to maintain LIHUFF as an FI activity, since the addition of the investigative function to LIHUFF-1's mission balances the project more heavily on the FI side. There has been no progress reporting since 16 November 1966, at which time the station recounted the harrassing of a Czech official, the Soviet Embassy and the Chinese art exhibit. Since the principal agent is personally handled by a busy chief of station, however, and since the course of the operation changes little from month to month, the infrequent reporting is explainable.



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PROCESSING ACTION JISPATCH SECRET. MARKED FOR INDEXING Chief/WHD ORLY QUALIFIED DESK CAN JUDGE INDEXING FROM Chief of Station, Mexico City SUBJECT Project LIMUPF Request for Renewal ACTION REQUIRED - REFERENCES Reference: HNMA-28937, dated 13 May 1966 Attached is the LIHUFF Project Renewal submitted for the period 1 July 1967 through 30 June 1968 for a total of US \$4,200.00 all of which will be spent in Fiscal Year 1965. illard ( with Attachment: Lft-hand side h/w Rgt-hand side u.s.c. Distribution: (5) - Chief/WHD h/v & u.s.c. FERNA DED BY SPUT TRANSMISSION CS COPY 50-124-28/1 KO FIELD DISSEMIKATION CROSS REFERENCE TO DESPATCH SYMBOL AND KUNSES HMMA-32306 20 June 1967 CLASSIFICATION HOS FILE HUMBER

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REQUEST FOR PROJECT RESENAL

PROJECT LIHUFF

CASE OFFICE Hilland ( Curtis

STATICH Mexico City

CHIEF OF STATIC VILLAND ( With Willard C. CUFTIS

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HIW ATT. # 1/2 HIMMA-32306

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#### REQUEST FOR RENEWAL

#### PROJECT LINUER

#### A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LINUFF-1 who is the Executive Director of the most important organization of American businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico: and through these contacts, has access to a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

# B. CHANGES

# 1) Operational Mechanism

The LHUFF Project was approved 18 June 1966 for the period 1 July 1966 through 30 June 1967. LHUFF-1, the contract agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for \_\_\_\_\_\_\_ when he was in tusiness in that area. In November 1962 the relationship was formalized into contract status with LHUFF-1 acting as a funding channel to an anti-Communist research group and rightist student group headed by LHUFF-2, as well as handling LICHANT-1 and reporting on right-wing activities from other conservative business sources. Subsidies to action groups were discontinued via LHUFF-1 during 1965. During 1966 LHUFF-1 has been used as a support asset doing credit and other type investigations with his overt position as cover. Duri and Bradstreet listings and investigations are examples of the kind of checks LHUFF-1 provides.

#### 2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

# C. IMPELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason, the Mexico Station makes no effort to justify this project on the basis of positive intelligence disseminations or the number of dispatches or cables produced by it.

LIHUFF-1 meets regularly with and is handled directly by Willard

C. CURTIS, Chief of Station, Mexico. The agent is used to obtain information on activities of right-wing political groups in Mexico.

Much of this is marginal in comparison with activities of other

political groups, nevertheless, the Ambassador depends upon Station Mexico for information on all political groups. LTHUFF-1 is the only Station asset who circulates freely in these circles. During the past year, LTHUFF-1 has conducted through his organization, investigations and checks on firms and individuals connected with them. This type of operational data is not available from any other sources. LTHUFF-1 has access to all reports produced by Durp & Bradstreet in Mexico; and can have investigations initiated by them and others.

#### D. EFFECTIVENESS

Some examples of the effectiveness of this project are:

- 1) During the past year, LIHUFF-1 provided guidance to a right-wing action group which launched a press attack against the Commercial officer of the Czech Embassy (Subject of 201-204656) which resulted in his PCS transfer from Mexico.
- 2) In late Augus: 1966 LINUFF-1 arranged for a right-wing action group to conduct a harrassment of a Chinese Communist Art Exhibit at the UNAM which resulted in the closing of the exhibit. This action was taken as a result of a personal request of the Chief LNPURE. Results were reported to Headquarters.
- 3) In October 1966 LIHUFF-1 arranged for a student action group to conduct a demonstration in front of the Soviet Embassy on the 10th anniversary of the crushing of the Hungarian rebellion. This resulted in considerable press comment against the Soviets with photographic coverage of a casket and anti-Soviet tanners on the sidewalk in front of the Soviet Embassy.
- 4) Some investigations conducted by LIHUFF-1 through his firm were:
  - a) Electrosoldadura, S. A. (of interest to the Soviet Lago Wenner 98, Mexico 17, D.F. Case Officer)
  - b) GSP Ingenieros Asociados, Manuel Maria Contreras 94-465 Mexico, D. F.
  - c) Basculos Mantro, S.A. Xicotencatl 11 Santa Clara, Edo. de Mexico
  - d) Barnices Aislantes, S. A. Lic. Alfredo PORRAS Ing. Ralph WIEGANDT Enrique OSORIO Robles

#### E. PROBLEMS

There have been no significant security, cover or control problems with LIHUFF-1 during the project year.

# F. LIAISON

This project involves no liaison relationship.

# G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

# H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups.

# I. FUNDS

#### 1. For the Past Period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1966 through 31 May 1967 was approximately US\$ 120.00 which does not include Subject's salary of US\$ 3,300 (300 per month) advanced locally and T/Aed to Headquarters.

# 2. During the Next Project Year.

During the period 1 July 1967 through 30 June 1968, an estimated US \$4,200 is requested. It will be used in the following manner:

LIHUFF-1 Salary \$3,600.00
Operational Expenses 600.00

Total \$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this agent and his organization. J. ANNEX

None

K. EMERGENCY CONDITIONS

There has been no change since the last project renewal.

PROCESSING ACTION CLASSIF CATION DISPATCH SECRET BLANKED FOR INDEXING X Chief of Station, Mexico City NO ACCEMB REQUIRED COLY DUALFIED DESE CAR SIDGE MOETING Chief, WH Division Renewal of Project LIHUFF ACTION REQUIRED . REFERENCES LIHUFF expires on 30 June 1967. We assume that you will want to renew it, and ask that your renewal request reach us by 31 May. According to our records there have been no reports from LIHUFF-1 since last May and Project activity has been mostly of a CA nature. We may need strong and detailed justification in order to secure approval for renewal. Theresa H. BUCHARDY Distribution: 2 - COS, Mexico City LIHUFF 50-124-28/1 1 3 APR 1967 DISPATCH SYMBOL AND MURBER DATE CROSS REFERENCE TO HMW-15391 3 April 1967 HOS FILE HUMBER 500 Ludeted frem enteralis Constraint and Constraint and -SECRET 50-124-28/ ORIGINATING 6954 WH/1 RI Chrono COGRDINATING OFFICERS BANE OFFICE SYMBOL HIMEDPS. RECEIVED hall lieff er 2294 ABSTRACT RELEASING CLLICE ZANSOF . CATE 1 C/WH/1

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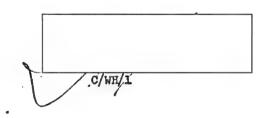
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8 June 1966

MEMORALDUM FOR: Chief, WH Division

SUBJECT : LIHUFF Project Renewal

- 1. It is requested that the LHRUFF Project be renewed for the period 1 July 1966 through 30 June 1967 for \$4,200. It was approved for \$9,000 last year, reflecting a 50 per cent cut this year in an effort to cut to a minimum project obligations. Funds are available in WH Division.
- 2. LIMEFF provides the Station's only agent with access to rightist political organizations. The information gathered through LIMEF-1 is used mainly for background information for operational planning and Embassy memoranda, rather than for positive dissemination. The Station and WH/1 believe that the Station needs to get this other side of the picture in order to balance out the reporting on leftist activity in Mexico.
- 3. Since July 1965, IJHUFF has been the source of five positive intelligence reports -- four on rightist and leftist university activity and the fifth on the Fondo de Cultura Economica publishing house.
  - 4. WH/1 recommends renewal.



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# REQUEST FOR PROJECT RENEWAL

PROJECT LIHUFF

CASE OFFICER Willard C. Curtis

STATION Mexico City

CHIEF OF STATION Willard C. Curtis

FORWARDED BY SPLIT TRANSMISSION NO FIELD DESSEMMATION.



Comment of

50-124-28/1

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#### REQUEST FOR RENEWAL

#### PROJECT LIHUPF

#### A. CURRENT OBJECTIVES

The objective of this project is to provide for the operational and administrative support for a high-level contract agent, LTHUFF-1, who has access and is a participant in the right-wing political elements and organizations in Mexico; and through one of these contacts, has access to a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

#### B. CHANGES

# 1) Operational Mechanism

The LIMUFF Project was approved in September 1965 for the period 1 July 1965 through 30 June 1966. LIMUFF/1, the singleton agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for when he was in business in that area. In November 1962 the relationship was formalized into contract status with LIMUFF/1 acting as a funding channel to an anti-Communist research group and rightest student group headed by LIMUFF/2, as well as handling LICHANT/1 and reporting on right-wing activities from other conservative business sources. This activity was funded from Station OOA until 1 July 1965. The LIMUFF Project provided only for salary and operational expenses for LIMUFF/1.

# 2) Agents

The only agent to be supported by this project for the coming year is LIHUFF/1. No further subsidies are planned to LIHUFF/2. LICHANT/1 was relieved of his position \_\_\_\_\_\_\_ and is not included as a part of the LIHUFF Project. However, LIHUFF/1 continues in his private business capacity to solicit funds for the LIHUFF/2 group and will continue to use them as sources for information on right-wing political activities.

# C. INTELLIGENCE PRODUCTION

The Mexico Station makes no effort to justify this project on the basis of positive intelligence disseminations. The information is primarily for background. It is often too sketchy for formal dissemination and is

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frequently overtaken by public events before a dissemination can be made. LIHUFF/1 meets regularly with and is handled directly by Willard C. Curtis, Chief of Station Mexico. The agent is used to obtain information in response to

depends upon Station Mexico for information on all political groups. LIHUFF/1 represents the only high-level source trained and available who can circulate freely in Mexican concervative political circles and provide the Mexico Station with information on their activities. During the past project year LIHUFF/1 has provided the Station with the following general categories of information:

- Memoranda on leftists or Communist affiliation of members of the Mexican intellectual and official community. This is generally based on contribution of funds or public assistance in behalf of known leftist or Communist organizations, hence the information is useful for background rather than dissemination.
- 2) Information on Catholic Church activities in Mexico, including press clippings and periodic reports on the rightest student action group, Movimiento Universitario Renovadora Orientacion (MURO) active at the Universidad Nacional Autonoma de Mexico (UNAM), the Universities of Puebla, Guadajalara and Michoacan. HAM-10,325, the only positive intelligence dissemination received from LIMUFF during the past project year was obtained from the MURO group at UNAM. In August 1965, Chief, PBSVING asked for a complete report on "Los Tecos", a right-wing Catholic secret society of which MURO is a student arm. This information was required by Chief, PBSWING, to make a decision on the application of the Universidad Autonoma de Guadalajara (U.A.G.) for certain U.S. Government-sponsored monetary grants of several hundred thousand dollars to be used for development of this anti-Communist University which is competitive with the Communist dominated University of Guadalajara. From background data previously supplied by LIEUFF and other sources, a detailed report was made available to Chief, PRSWING.
- 3) Anti-Communist publications from LTHUFF/2's right-wing research center and MURO student publications, all of which are available to Headquarters and are of interest to the Station for background.

# D. EFFECTIVENESS

This project provides the Station with a window into right-wing

political activities. Also, as previously reported to Headquarters, the groups influenced by LIHUFF/1 represent a potential for counter balancing for leftist and Communist pressure groups. One example of this can be cited in action taken by student MURO leaders in August 1965. The Cuban Ambassador to Mexico, Joaquin HERNANDEZ Armas, set about making speeches at Mexican (leftist) Universities of Tabasco, Michoacan and Guadalajara proposing Mexican-Cuban student exchanges. MURO members immediately set up a storm of public protest, demanding that HERNANDEZ Armas be declared persona non-grata for spreading subversive propaganda and agitating on university campuses. This caused HERNANDEZ Armas to be a target for considerable unpleasant press publicity. Through LIHUFF/1, the Station Mexico can exploit such incidents when it is to KUBARK's advantage to do so.

#### E. PROBLEMS

There have been no significant security, cover or control problems with LIHUFF/1 during the project year.

#### F. LIAISON

This project involves no liaison relationship.

# G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

# H. PLANS

Station Mexico plans to continue to use LTHUFF/1 as an informant and monitor of activities of right-wing political minority groups.

# I. FUNDS

#### 1. For the past period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1965 through 50 April 1966 was approximately US\$ 5,150.00 which included Subject's salary of US\$ 3,000.00 (6300 per month). US\$ 3,250.00 is available for the remainder of the project year.

SECTION

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# 2. During the next project year.

During the period 1 July 1966 through 30 June 1967, an estimated US\$ 4,200.00 is requested. It will be used in the following manner:

LIHUFF/1 Salary

\$3,600.00

Operational expenses

600.00

.. Lun Total

\$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this very useful agent.

# J. ANNEX

None.

# K. EMERGENCY CONDITIONS

If an official anti-USA atmosphere of sufficient intensity prevailed in Mexico, it is unlikely that LIHUFF/1 could remain in the country in his present business. In a general emergency, LIHUFF/1 would maintain contact by Chief of Station Mexico by telephone, mail or personal visits.

10 图 50 日本書 Chief, of Station, legico City Chief, WH Invision HISPARI/EUTINA/LINEDI Actics beguined: Progress Bayers and Project rement · BML-SEASY Leferonio 1. The LIMP Project explose to law. In view of the planted always from issadquarters of the lase officer during all of during and duly, we remare that the removal (buth sections) weak imply servers as befor than 15 har 1 di. 2. In view of the last of any progress reporting in more than a year, (the last one was Herrer 3377; dated 9 February 1665), Hadronters may have a difficult time expecting the Otother's removal regions. Now from, you should proceed a fairly detailed recover in 18 his furner of 18 hand for extension plants on the case of the basis of intelligence tele, according to seequening muses only but reports were received from LIPAF during the calcular year that, (11-1995), and one of these was from LITTALE-1. With these statistics at tent, is is described what this project can be removed in the basis of intelligence or leviting alone. This is the Thetian win strongly justify retestion of LDAFF-1 on may other grounds, we entisizate a very oritical and anapagesthic reception by the proper reviewing entherities. 3. The implesed LTC:ANT-1 is last year's furnish. Also be has been relieved of his mettica a could engreed at a clister beaters of the 'tester's correct interest in LDAME-1, and my compute we are girled the through LIMP-1. (Lote, secreting to Bradyparters reports, too lest involligance report from LICHAMP-1 was 1291-9995, deted 12 January 1965). h. Bealquerous motor in the last inventy frequency hower that the finition was still supporting LLTST student articular. As you recall, in the 1900 of 22 April 1505 on the basis of a discussion tis previous James with the Shation. is had been agreed that by how life all unbeidies to Milli's student organization would be terminated. "mad partors" faulter that the hills chalant al bestimocon ses enti, began't the set gailed likeli orteles the blocks crivites Readquarters wellerso Bour Dispersol No. 5447 of 25 'Wrot 1966. Is view of whis, compiled with the fact that the LECURIF Protect that's been from more to for, 600 for IT 1967 in the Operational Program, we feel that the Fixactial expect of 5500 per nouth should be willdreve from the LEGG's uncertaily groups. We would appreciate receiving your execute on the tensileties of Man swiping. Martiney4... Distributions 2 - COD, Maxles City 12 17011 1566 - 21.13mgt. 1 8APR 1966 Crus (. 6 1) 856 BEEL JAYO desianni. an-laa chant a to 50-(-127/3 CBCFAR かーにいしまり 3.

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Male L. SCALETY

DISPATCH PROCESSING ACTION CLASSIFICATION SECRET HAPRED FOR INDEDING Chief of Station, Mexico City X NO INDEXING REQUIRED ENFO. ONLY QUALIFIED DESA CAR ALOGE INDEXING Chief, WH Division SUBJECT LIHUFF ACTION PEOPLE . TIPE PEOPLE PACET AC REQ: FYI Project LIHUFF was approved 1 September 1965 for \$9,000 for the period 1 July 1965 to 30 June 1966. Ernest A. LUSBY Distribution: Orig. & 1, COS, Mexico City DISPATCH SYMBOL AND NUMBER DATE CS COPY HMMW 13953 8 September 1965 CLASSIFICATION HQS FILE NUMBER SECRET XN 50-124-28/1 ORIGINATING DIFILE TYPISE WH/1 4523 bp RI COORDINATING Chrono OFFICE SYMBOL DATE OFFICER'S NAME 02 PH '65 OFFICE STREET

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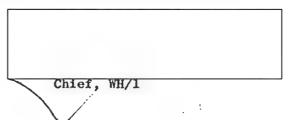
MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Renewal of Project LIHUFF

1. Renewal is requested of the LIHUFF Project for the period 1 July 1965 through 30 June 1966 for a total of \$9,000. The LIHUFF Project was originally approved on 20 April 1965 for \$7,500 for the period 1 January 1965 to 30 June 1965 as a CA Project. It has been decided that the direction of the agent under this project and the project objectives in general will be changed from CA to FI, and therefore, the renewal request is being submitted as an FI Project. The Operational Program for FY 1966 included LIHUFF for \$16,000. Funds are available in WH Division.

- 2. The Project objectives under CA were to support and sustain MURO, a national right-wing student movement, through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). This support was terminated effective 30 June 1965 as it became apparent that the IISE was financially capable of providing this support on its own and MURO became more and more controversial and extremely militant on the far right. Under the new project submitted by the Station, support will be provided to a U.S. contract agent who has access to a wide variety of right-wing political elements and organizations in Mexico. The
- 3. This project is the only project in the Mexico Station which will cover rightist political activity in Mexico, emphasis in other projects and operations being geared against the extreme left and the present political party, the PRI, which is slightly left of center. Other than LICHANT-1, the only other access to is LIBELER who is carried under his own project.

- 4. Headquarters and the Station are looking forward to receiving better coverage on the rightist political activity in Mexico. WH/l is preparing guidelines and requirements for this project which will reflect the needs of the intelligence community. These requirements will be furnished the field so that proper utilization can be made of LIHUFF-l and his contacts and informants. During the last fiscal year, three reports were credited in full or in part to LIHUFF-l.
- 5. Last year the Station submitted regular quarterly progress reporting in addition to more detailed reporting on certain activities. The Station will be reminded to provide a minimum of quarterly reporting during the next year.
- 6. WH/l recommends approval of the new LIHUFF Project as it is set forth in the attached Station renewal request. The delay in submission of the renewal request is that it was just decided to change this Project to FI and cancel out most of the CA aspects. As a CA Project the renewal request was not due at Headquarters until mid-July 1965.



WH/POA 289-65 4 August 1965

MEMORANDUM FOR: DC/WHD

BUBJECT : LIHUFF Renewal

1. Project LIHUFF has been active as a CA project for a number of years. It is now being renewed and submitted as an FI project. Its purpose and objective is to support a singleton U.S. contract agent (LIHUFF-1) who has access to a wide variety of right wing political elements and organizations in Mexico in order to develop information on this political and social sector. This effort is

covers rightist political activity in Mexico.

- 2. Since LIHUFF was previously a CA project, there is, therefore, no data on which to judge past intelligence product although three reports resulted in the past year. The Moxican Desk and the Station are taking steps to prepare suitable requirements in keeping with LIHUFF-1's access and the objectives of the project.
- 3. The reporting received from the Station with regard to the operational status of the agent and project appears to have been adequate in the past. There are no apparent security or control problems.
- 4. \$9,000 has been requested in support of the project effective 1 July 1965. Of this amount \$5,400 is marked for operational expenses, entertainment, and travel. A study of the detailed project outline leads to the conclusion that this latter figure is somewhat excessive when viewed against anticipated operational activity and in all likelihood only very little of it will be expended.
  - 5. Project LIHUFF is recommended for approval.

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MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Approval of Project LIEUFF

1. WH/1 requests approval of Project LIHUFF in the amount of \$7,500 for the second half of FY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

#### FINANCIAL DATA:

Fiscal Year	From Developmental Funds
1963	\$ 5,000
1964	19,000
1965 (Second half)	7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Instituto de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LIHUFF is particularly active in the student field, having organized a nation-wide, right-wing, active student organization called Movimiento Universitatio de Renovadora Orientacion (MURO). LIHUFF funds will be used to pay a salary to LIHUFF-1, an American businessman with previous experience with CIA and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

# 3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

- A. Former Ambassador Thomas Mann valued the IISE publication "Espejo" as worth far more than what one man in the field could accomplish. (Station funds no longer support "Espejo.")
- B. The IISE continues to provide the Station with a research facility not otherwise available.
- C. Provided the Station with a valuable intellectual asset, Manuel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Mexican Educational System by Communists."

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- D. MURO's 200 shock troops have campaigned vigorously against Communism and pro-Castro groups at the National University (UNAM), and in the Universities of Puebla and Guadalajara. MURO takes major credit for the ouster in past months of Communist rectors from the Universities of Monterrey, Puebla, Guadalajara, and Morelia; MURO continues to place anti-communist articles in the national media of interest to students and government leaders; MURO has carried out successful demonstrations against the Soviet Embassy.
- E. MURO took an active part in cabling the Chilean government protesting the Communist nature of the Latin American Youth Conference in Santiago.
- F. LTHUFF-2 is used by the Station for writing and placing certain types of strong anti-Soviet articles in Excelsion and El Universal.
- G. LIHUFF-2 acquired evidence of a large purchase of American hospital supplies by two professors at UNAM for transhipment to Cuba.

# 4. Security

The IISE is funded through a cut-out in such a way that CIA participation is concealed. Only LIHUFF-1, who is met clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

5. Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

Chief, WH/1

#### PROJECT LIEUFE

# A. Identification

Mexico City, Mexico--Political Action. See C. below for other countries which may become involved.

#### B. Objectives.

To support and sustain a national right wing student novement, Movimiento Universitario de Renovadera Crientacion (AURO), through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PRI, against far leftist pressures through this organization, IISE. To accomplish the following objectives in the Related Mission Directive: Priority A. 3f; Priority B. 3a, b, c.

# C. Background.

- 1. The IISE was founded in 1953 under the auspices of a group of Memican bankers, industrialists, and merchants to spread the principles of free enterprice and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism, particularly in its economic aspects, and hypermationalism; it has organized the student group MURO; it has published books, pamphlets, and news letters on Communism as well as the dangers of economic socialism; it has engaged in considerable press placement on various matters involving private initiative and the Communist threat; and it has accumulated a file of basic data on events and individuals revolving about Communism that would be difficult for any private Mexican group to duplicate.
- 2. In June 1960, LIMUFF-1 visited the Embassy's Political Counselor and requested an Embassy contact with LIMUFF-2's organization. Subsequently, the Ambassador asked the COS to explore the possibility of giving financial help to the group headed by LIMUFF-2. In mid-August 1962 (MIES-2530 RYMAT), Oliver G. GALECND advised the Mexico Station that the group had been receiving partial financial aid from a group of U. S. business corporations solicited by Mr. Henry Holland, now deceased, and that Headquarters had also provided some financial assistance through this channel. After the death of Mr. Holland, it was recommended that the funding be hamiled through the Mexico Station. Specifically, this was to help pay for the publication "Espejo," an economic journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIMUFF-2 was one of the few economists in Mexico fighting Communism.

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The Ambassador also said that everything possible should be done to support "Espejo" (HERT-3023 ENTAT 1926, 30 August 1962).

- 3. A project was submitted by the Station on 22 March 1963 (HAM-20931), but Headquarters on 12 July 1963 (DIR-52801) indicated the project had been disapproved as submitted and that instead the Station funding should support the student activity NURC on a spot assistance basis. This was done with the U. S. business associates of LIMUTT-1's picking up the cost of the "Espejo" magazine, some \$1,200 per month. The Station's assistance since that time has been confined to the payment of LIMUTT-1's salary \$6500 per month) and the payment of \$500 per month to MURO. The Station, however, retains access to the full range of the LIMUTT mechanism and potential.
- 4. MURO, the militant student organization, is extremely active in the political action field, in the provinces as well as in the capital. The IISE organization has its offices in Mexico City, with associated offices in Salvador and Guatemala and working contacts in the provinces of Mexico and in several capital cities of Latin America.
- 5. LHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or treedom. In Mexico this type of organization is rather unique, as the trend in Mexico is toward more government intervention. The HISE also propares and sends out is provincial newspapers editorials featuring anti-communist themes. In the last five years the HESE has collected seventy loose-last binders filled with editorial clips authored in the HESE office. This organization also sponsors a training course at which interested groups of 15 to 20 persons are indoctrinated.
  - 6. LIMEF-2, the Director of the IISE, has shown complete dedication to the program. The members of the organization, especially the students, have demonstrated courage and competence in a variety of operations.

# D. Operational Assets.

#### 1. Personnel.

1. LIEUFF-1 is a 48-year-old American businessman who acts as a cut-out and operational adviser to LIEUFF-2, the Director of the group. LIEUFF-1 worked for CIA from April 1947 until April 1949 when he returned to Nexico. He was in contact socially with members of the Maxico Station and in Hovember 1962 was hired for the above work. Training was not required since LIEUFF-1 has been in intelligence work from his service with U. S. military intelligence during WWII. He was engaged to work for U. S. military intelligence in Mexico until late 1962. He knows he is working for CIA. HEW-11040 of 25 October 1962 granted an CA for LIEUFF-1.

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2. LEUFF-2 is a 47-y	ear-old Le is also a well-
known	in Mexico and
	He is met by LIHUFF-1. LIHUFF-2 protably
suspects that funds may come to	him from the U. S. Government; however,
	from private business groups. He was granted
an CA on 26 Cetober 1962.	

# 2. Mechanisms.

- 1. The principal officers of the IIEE group are listed in Appendix
  1. During early 1964 MARC organized a strong and large chapter of its
  organization at the University of Vera Cruz, Jalana. This University has
  sene 23,000 students and a sizable communist infiltration in its student
  ranks. This makes four universities now in which MURO has chapters:
  Universidad Nacional Autonoma de Mexico (UNAM), University of Fuebla,
  University of Sundalajara, and the University of Vera Cruz. Three of these,
  with the exception of Guadalajara, are noted centers of communist activities.
- 2. a. The IKE organization frequently and regularly makes precs placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.
- b. The IISE editorial service for provincial newspapers has been used by the Station.
- c. The IISE's international connections, especially the associated offices in Salvador and Guatamala, will be emploited.
- d. The Station will continue to call on the IISE to fill research needs.
- e. Samples of publication and propaganda material are attached.

# E. Security Evaluation.

The INSE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have come to the attention of the Station in connection with this activity. Both LIAUFF-1 and LIEUFF-2 have been, to the Station's knowledge, quite discreet about their relationship. In view of the nature of the IISE, there has been no curiosity about the source of funds contributed by the Station.

#### F. Coordination.

1. All coordination with other U. S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The former Ambassador Mr. Thomas Main asked the COS Mexico to assist the IISE group financially. Also, the operational use of LIHUFF-1 was cleared with U. S. military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

# 2. Relationship to Other Projects

- a. LICCAX: Both projects LICCAX and MURO are operating at UNAM, a University of upwards of 80,000 students. So far there have been no basic problems of conflict since NURO is working the Catholic side of the street while LICCAX works on the so-called "independents," and there is still plenty of room for both to operate. In this connection, it should be noted that a great deal of MURO student effort is devoted to universities outside Mexico City.
- b. LIEIFEN: This project is concerned with a mass propaganda approach to Communism in Mexico. It is headed by a group of businessmen known as the Committee of Mine. The only relationship between LIHUFF and LISIREN is in the fact that four of the members of the Committee of Mine are also members of LIHUFF's 26-man "Board of Directors." This idea not necessarily mean an interlocking directorate between the two projects since, as in many similar activities in the U.S., individuals interested in civic or outside activities of this nature are frequently tapped to serve in multiple assignments.
- c. LILISP/C: Since LTLISP/C is a National Student Organization stressing student affairs in the interior of Natice, obviously LINUTF and LTLISP/C are working in the same general field in universities cutside Mexico City. However, in these universities in which LIMUTF is concentrating its efforts, this can be a complementary relationship since LIMUTF can work in much more depth in these universities than can LTLISP/C and can affiliate its groups to the LTLISP/C National Student Confederation which is the only one now generally recognized in Mexico. LTLISP/C, as a National Student Confederation, obviously can only spend very limited time on any single university or situation.

# G. 1. Costs.

It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 January 1965 through 30 June 1965.

LIMUTF-1 Salary \$ 5,000 \$ 2,500
"Espejo" 12,000 ---MURO Student Organization 8,000 5,000

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Station Mexico proposes to pay only a portion of the IIEE operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Station does not know the amounts of all the donors and it is unlikely that we will ever know these exactly.

# 2. Foreign Currency.

There are no special requirements for foreign currency.

# 3. Commitments.

No permanent commitments have been made.

# 4. Funding and Accountability.

Funds will be paid to LTHUFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

#### H. Annexes.

# 1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIMFF Project.

#### 2. Communications.

There are no communications requirements for the present time.

# 3. Technical Support.

There are no technical support requirements for this project.

#### 4. Logistics.

There are no logistical requirements for this project.

# 5. Intelligence.

Operational intelligence from other U. S. Agencies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 aside from a good deal of report material which, though not disseminable, is of considerable interest to the Station.

# APPENDIX I

Principal Officers of the IISE:

Director: Lic. Agustin MAVAREO V. Lic. Carlos SANCIEZ MEJOFADA Enrique UNTHOFF Hugo SALINAS · Lic. Guctavo R. VELAECO Ing. Jose RIVERA R. Lic. Pedro ASIE Sais Anibal de ITUREIDE Mariano R. SUAJEZ Ing. Jose de la MACCRRA Jacobo PEREZ Burroso Lic. Arturo BUENO Y Urquidi Lic. Carlos LONEZ de Llergo Ernesto J.A.ESCUA Guillergo GUAJARDO Davis Jose A. RECALDON Lic. Eduardo PRIETO Lopez Antonio L. RODRIGUEZ Tomas G. COARASA Lic. Antonio FEREZ Verdia Jr. Adolfo I. RIVERGLL Federico SANCHEZ Fogarty Clemente SERNA Partinez Cayetano ELANCO Vigil Felix DIAZ Garna Enrique AYALA Medina

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# I. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-U. S. situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the case officer with either LIHUFF-1 or LIHUFF-2.

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	RETAINED ON PAYROLL IN FY 66 STATION SHOULD RENEW LIHUFF
	AS SUPPORT PROJECT ORE PLACE L-1 UNDER OTHER PROJECT.
	END OF MESSAGE
	WH Comment: *The Station would appreciate a response to the status of the LIhUFF project and what has been the final decision. ** Please advise effective date LIHUFF-1 MOC change. Expect for second half FY 65 \$2500 for L-1 salary.
	status of the LIhUFF project and what has been the final decision. ** Please advise effective date LIHUFF-1 MOC
	status of the LIhUFF project and what has been the final decision. ** Please advise effective date LIHUFF-1 MOC change. Expect for second half FY 65 \$2500 for L-1 salary.
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\$2,500 FOR LIMITS-1 SALARY IN LINE DISCUSSION WITH CURTIS RZ LIMITS.

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FORM 848 CHITTONS.

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FEMORANDEN FOR: Chief, Vestern Hemisphere Division

SUBJECT : Approval of Project LUGUFF

1. WE/1 requests approval of Project LHMFF in the amount of \$7,500 for the second balf of PY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

### FIRANCIAL DATA:

Piscal Year	From Developmental Funds
1963	\$ 5,000
1964	19,000
1965 (Second half)	7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Institute de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LHEUFF is particularly active in the student field, having organized a mation-wide, right-wing, active student organization called Movimiento Universitatio de Memovadora Orientacion (MERO).

LHEUFF funds will be used to pay a salary to LHEUFF-1, an American businessman with previous experience with CIA \_\_\_\_\_\_\_\_ and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

#### 3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

- A. Forser Ambassador Thomas Naum valued the HISE publication "Espajo" as worth far more than what one man in the field could accomplish. (Station funds no longer support "Espajo.")
- B. The IISE continues to provide the Station with a research facility not otherwise available.
- C. Provided the Station with a valuable intellectual asset, Massel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Maxican Educational System by Communists."

SECRET/KAPOK

- D. MIRO's 200 shock troops have campaigned vigorously against Communica and pro-Castro groups at the Eational University (UHAM), and in the Universities of Puebla and Guadalajara. HURO takes major credit for the ouster in past mouths of Communist rectors from the Universities of Nonterray, Puebla, Guadalajara, and Morelia, HURO continues to place anti-communist articles in the national media of interest to students and government leaders; HURO has carried out successful demonstrations against the Soviet Embassy.
- E. NEO took an active part in cabling the Chilenn government protecting the Communist nature of the Latin American Youth Conference in Fantiago.
- F. LIEUFF-2 is used by the Station for writing and placing certain types of strong anti-Soviet articles in Excelsion and El Universal.
- G. LIBEF-2 acquired evidence of a large purchase of Assrican hospital supplies by two professors at USAM for transhipment to Cuba.

### b. Security

The IISE is funded through a cut-out in such a way that CIA participation is concealed. Only LIEFF-1, who is not clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

5. Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

Chief; VB/1

#### PROJECT LIBER

#### A. Identification

Maxico City, Perico--Political Action. See C. below for other countries which may become involved.

#### B. Objectives.

To cappart and custain a estimal right wing student sovement, Novisional Universitario de Nanovedora Crientacion (NECO), Eurough a long-established anti-communist front organization in Nexico, the Instituto de Investigacional Sociales y Sconomicas (INES). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PSI, against for leftist pressures through this organization, INES. To accomplish the following objectives in the Related Mission Directive: Priority A. 3f; Priority B. 3a, b, c.

### C. Background.

- 1. The IISS was founded in 1953 under the empires of a group of Munican benkers, industrialists, and reschants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and compresses designed to explore the dangers of Communica, particularly in its economic sepects, and hypernationalism; it has organized the student group MISO; it has published books, peophlats, and news letters on Communica as well as the dergars of economic socialism; it has engaged in considerable press placement on various exiters involving private initiative and the Communicat threat; and it has accumulated a file of basic data on events and individuals revolving about Communica that would be difficult for any private Munican group to deplicate.
- 2. In June 1960, LIMFT-1 visited the Embassy's Political Commelor and requested an Embassy content with LESFF-2's organization. Embassymently, the Ashmanador asked the CCF to explore the possibility of giving financial help to the group banded by LIMET-2. In mid-August 1962 (EMM-2530 RYMT), Oliver G. CALBOHO advised the Maxico Station that the group had been receiving pertial financial aid from a group of U. N. business occurrations solicited by Mr. Emery Holland, now deceased, and that Escaparators had also provided some financial assistance through this channel. After the feath of Mr. Holland, it was recommunied that the funding be handled through the Maxico Station. Specifically, this was to help pay for the publication "Escapa", an occurrate journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIMET-2 was one of the few economists in Maxico fighting Commenden.

ESCENT/SAPOR

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The Ashessador also said that everything possible should be done to support "Essaio" (1947-3023 KYMAT 1926, 30 August 1962).

- 3. A project was subsitted by the Station on 82 March 1963 (1864-20931), but Readquarters on 12 July 196? (DIR-53801) indicated the project had been disapproved as subsitted and that instead the Station funding should support the student activity MIRO on a spot assistance basis. This was come with the U.S. business associates of LIMBY-1's picking up the cost of the "Espajo" magazine, some \$1,200 per mouth. The Station's assistance since that time has been confined to the payment of LIMBY-1's salary \$500 per mouth to MIRO. The Station, bowever, retains access to the full range of the LIMPF mechanism and potential.
- A. MENO, the militant student organisation, is extremely active in the political action field, in the provinces as well as in the capital. The ILEN organization has its offices in Moxico City, with associated offices in Salvedor and Cunternia and working contacts in the provinces of Mexico and in several capital cities of Latin America.
- 5. LHEFT devotes its efforts to calling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Marico this type of organization is rather unique, as the transic herico is toward more government intervention. The life also prepares and sends out to provincial newspapers editorials featuring anti-communications. In the last five years the life has collected seventy loose-leaf binders filled with editorial clips authored in the life office. This organization also specieurs a training course at which interested groups of 15 to 20 persons are indoctrinated.
- 6. LIMPY-2, the Director of the IDE, her shown complete dedication to the program. The numbers of the organization, especially the students, have becomestrated country and competence in a variety of operations.

#### D. Operational Acosts.

### 1. Persensel.

1. LIMPF-1 is a 46-year-old American businesseen who note as a cut-out and operational advisor to LIMPF-2, the Director of the group.

LIMPF-1 vorked for CIA \_\_\_\_\_\_ from April 1967 until April 1969 when he returned to Musico. He was in context socially with members of the Mexico Station and in Hovember 1962 was hired for the above work. Training was not required since LIMPF-1 has been in intelligence work from his acroice with U. S. military intelligence during Wall. He was engaged to work for U. S. military intelligence in Mexico until late 1962. He known he is working for CIA. Mask-11040 of 25 October 1962 granted an CA for LIMPF-1.

2. LHAWF-2 1s

He is also a well-

known in Marico and ther Latin American countries. He is met by LIMMF-1. LIMMF-2 probably suspects that funds may come to him from the U. S. Government; however, cover used is that the money is from private business groups. He was granted on OA on 25 October 1962.

#### 2. Wechandson.

- 1. The principal officers of the IISE group are listed in Appendix
  1. During early 1964 MIRO organized a strong and large chapter of its
  organization at the University of Vera Crus, Jalapa. This University has
  some 23,000 students and a sizable occuminst infiltration in its student
  ranks. This makes four universities now in which MIRO has chapters:
  University of Guadalajara, and the University of Vera Crus. Three of these,
  with the exception of Quadalajara, are noted centers of communist activities.
- 2. a. The ILE organization frequently and regularly makes press placements in all of Mexico City's leading messpapers. Its editorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.
- b. The IISS editorial service for provincial newspapers has been used by the Station.
- c. The INE's international connections, especially the executated offices in Calvador and Costernia, will be exploited.
- d. The Station will continue to call on the ILEE to fill research meds.
- e. Lemples of publication and propaganda meterial areastached.

### B. Security Evaluation.

The IREE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have ease to the attention of the Station in connection with this activity. Both LIBUFF-1 and LIBUFF-2 have been, to the Station's knowledge, quite discrept about their relationship. In view of the nature of the IREE, there has been no curiosity about the source of funds contributed by the Station.

### F. Coordination.

1. All exardination with other U. S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The forcer Ambassador Fr. Thomas Mann asked the COS Mexico to assist the ILEE group financially. Also, the operational use of LIREF-1 was cleared with U. S. military intelligence when it was learned that they also had an interest in using him in clandastims operations. They are not using him at the present time.

### 2. Relationship to Other Projects

- a. LICCAY: Both projects LICCAY and SURO are operating at UNAH, a University of upsards of BO,000 students. So far there have been no basic problems of conflict since MAHO is working the Catholic side of the street while LICCAY works on the so-called "independents," and there is still plenty of room for both to operate. In this commention, it should be noted that a great seal of MUHO student affort is devoted to universities outside kinder City.
- b. LEDIZE: This project is concern: I with a most propaganda approach to Commiss in Mexico. It is beaded by a group of businessess known as the Commisse of Sinc. The only relationship between LDBET and LDBEEN is in the fact that four of the newbors of the Committee of Since are also exceeds of LDBET's 26-can "Board of Directors." This does not processerily seem an interlocking directorate between the two projects since, no in every similar activities in the U.S., individuals interested in civic are outside activities of this enture are frequently topped to serve in sultiple acatements.
- e. LILEP/C: Gines LILEP/C to a Mational Etudent Organization stressing student affairs in the interior of Maulco, obviously LLEWY and LILEP/C are vorting in the come general field in universities outside Maxico City. However, in these universities in which LILEPF is concentrating its efforts, this can be a complementary relationship ciace LIMEPF con work in much more depth in these universities than can LILEP/C and con affiliate its groups to the LILLEP/C Bational Student Confederation which is the only one now generally recognized in Maxico. LILEP/C, as a Setimal Student Confederation, obviously can only spend very limited time on any single university or exaction.

#### G. 1. Costs.

It is requested that the following estimates be approved for use in the LIEUFF project for the period 1 January 1965 through 30 June 1965.

Etatica Mexico proposes to pay only a portion of the IIEE operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Etation does not know the assents of all the donors and it is unlikely that we will ever know these exactly.

### 2. Foreign Currency.

There are no special requirements for foreign ourrency.

### 3. Commitments.

He persument commitments have been made.

### 4. Pushing and Accountability.

Funds will be paid to LIEFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

### H. Armenna,

1. Administrative Plan or Fiscal Annex.

It is not believed that this camez is required for the LIMET Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Eugeert.

There are no technical support requirements for this project.

b. Logistics.

There are no logistical requirements for this project.

#### 5. Intelligence.

Operational intelligence from other U. 5. Agamnies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 easies from a good deal of report material which, though not discussivable, is of considerable interest to the Station.

# CECRET KAPEN

### I. Prorpancy Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of exergency anti-U. S. situations; henover, he prolibly would not outright attack his own government. It is likely that the group locally night lose its effectiveness or cease to function is Mexico. Messver, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an example as situation, contact can be made by the case officer with oither LIEUT-1 or LIEUT-2.

#### APPENDIX I

### Principal Officers of the ILE:

Lie. Agustin MATARRO V. Lie. Cerlos Sancerz Majorada Directors Eurique Ultient DAHLIAS OWAH Lie. Gustavo R. WELASCO Ing. Jose RIVERA B. Lie. Podro ASPE Gais Amibal de l'IUMBLE Mariano R. SUAMEZ Ing. Jose de la MACORRA Jacobo REEZZ DEFFCEO Lie. Arturo EEEO Y Urquidi Lie. Carlos LOFFE de Llergo Braseto J. ASSECIA Cuillermo CUALAMO Davis Jose A. RECARDOR Lie. Eduardo PRIETO Lopez Antorio L. Madawiiz Torres O. CORRESA Lic. Antonio FERE Verdie Jr. Adolfo I. EIVEREL Pecerico SARCHEL Pogarty Clemente ESREA Martines Cayetaso MAKCO Vigil Polis DIAS Cersa Enrique ATAIA Medice

SECRET/KAPOK

### A. Identification.

Mexico City, Mexico -- Political Action. See C. below for other countries which may become involved.

### B. Objectives.

- 5 tudent movement

To support and sustain a long-established, proved, anti-Communist front organization in Mexico. To encourage the expansion of the group's present efforts in provincial Mexico, and, to some extent, in other countries. To obtain a measure of significant control over the organization through this continued funding. To guide the group in increasingly more efficient methods of fighting Communism and fostering pro-western programs, such as the Alliance for Progress. To accomplish the following objectives in the Related Mission Directive: Priority A. 2. And Andrews, f. 8: Priority B. 3. a. b. C.

### C. Background.

Limuff (Identity A) was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism (particularly in its economic aspects) and hyper-nationalism, It has also financed the publication of pamphlets, bulletins an economic matters, and books. The director of this group (LIHUFF-2) received support from LIHUFF-1 and the business firm which LIHUFF-1 headed in Mexico until 31 December 1962 when this company decided to give up its franchise in Mexico.

In June 1960 LIHUFF-I visited the ODACID Political Counselor and requested an ODACID contact with LIHUFF-2's organization. Subsequently, Chief ODACID Mexico asked the COS, KUBARK Mesico, to explore the possibility of giving financial help to the group headed by LIHUFF-2. In mid-August 1962 (HMMS-2530 RYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of PBPRIME business corporations (solicited by Mr. Henry Holland, now deceased) and that KUBARK Headquarters had also provided some financial assistance through this channel. After the death of

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SECRET/KAPOK

Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local OBACID Chief was consulted. He replied that he thought LIHUFF-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the LIHUFF publication (HMMT-3023 RYBAT 1926, 30 August 1962). # 2

The LIHUFF organization has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

LIHUFF maintains an excellent library of source materials on economics and free enterprise, which is open to interested researchers. LIHUFF publishes regularly a considerable amount of materials, including the monthly publication (Identity B). See Enclosure 5 for samples of LIHUFF publications.

The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; has organized a national student group (Identity C); and engages in militant student political action.

LIHUFF also prepares and sends out to provincial newspapers editorials featuring anti-Communist themes. In the last four years LIHUFF has collected 65 loose-leaf binders filled with editorial clips authored in the LIHUFF office. LIHUFF also sponsors a training course at which interested groups (of 15 to 20 persons) are indoctrinated.

LIHUFF-2, Director of LIHUFF, has shown completed dedication to his program. The members of LIHUFF, especially the students, have demonstrated courage and competence in a variety of operations.

#### D. Operational Assets.

1. Personnel.

american

LIHUFF-l is a 47 year old PBPRIME businessman who acts as a

cut-out and operational advisor to LIHUFF-2, the Director of the group.  LIHUFF-1 worked for KUBASK from 1947 until April 1949  when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1952 was hired for the above	
work. Biographical data in being forwarded via separate dispatch. He is contacted by Willard C. GURTIS or Michael C. CHOADEN. Training is not required since LIHUFF-1 has been in intelligence work from his	uns
service with PBPRIME military intelligence during WWII. He was engaged to work for PBPRIME military intelligence in Mexico until	
recently. He knows that he is working for KUBARIC. HMMW-11040 of 25 October 1902 granted OA for LIHUFF-1.	

LIHUFF-2 is a 40 year old

The is also a well known in Mexico and other Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYCAE; however, cover used is that the money is from private business groups. He was granted an OA on 26 October 1762 (HMMW-11039 of 9 November 1762).

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### 2. Mechanisms.

- O a. The principal officers of the Identity A group are listed in Appendix I (separate cover enclosure No. 3): Other details of the organisation are included in C. Background above.
- The LIHUEF organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irregular basis.
- (1) General progaganda and political actions of LIHUFF will be influenced and guidedby the Station for its benefits
- (2) LIHUFF student operations have already been utilized (often in coordination with other Station student assets).
- The LIHUFF editorial service for provincial newspapers has been used by the Station.
- (4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.
- 3 (5) LIHUFF's international connections, especially his associated offices in Salvador and Guatemala, will be exploited.

(6) The Station will call on LIHUFF to fill research needs.

# E Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUEARK participation is concealed. It is not connected in any way with any other KUEARK operation.

### F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIHUFF-I was cleared with A PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

G. Costs.

I. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1963 through 30 April 1964: 35

LIHUFF-1 Salary \$1,000. \$5,000. 2500 Muff Identity publication 1,000. 3,000. 6500 6500 6500 6500

Station Mexico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organization receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate solely on Station funds. Should this occur, steps will be taken to place the organization under complete, classic control.

### 2. Foreign Currency.

There are no special requirements for foreign currency.

### 3. Commitments.

No permaneut commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIHUFF-1 by COS Mariee. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

### H. Annexes.

1:4

### 1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIHUFF Project.

### 2. Communications.

There are no communications requirements for the present time.

### 3. Technical Support.

There are no technical support requirements for this project.

### 4. Logistics.

There are no logistical requirements for this project.

### 5. Intelligence.

Operational intelligence from other PBPRIME agencies is not . required.

#### I. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-ODYOKE-US. situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political

scene may not affect the group's offices in other Latin American countries. In the event of an errergency situation, contact can be made by the

NOTE: For a note on the production and some successes of the LIHUFF organization, see Appendix II (separate cover enclosure 4).

The files of the Mexico Station have been checked for derogatory information on the names above. There was no derogatory information on anyone of them except Efforts will be made via Lihuff-1 to get him removed from the organization.

Enclosure 4 to HMMA-20931 (UNDER SEPARATE COVER)

### APPENDIX II

### The Organization and its Director have:

a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adds to Station knowledge.

D. Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called Movimiento Universitaria Renovadora Orientación (MURO) publishes PUNO (Fist), a fighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street fighting) action. MURO has been very active in the National University of Mexico (UNAM); the University of Puebla and the University of Michacan. In the last two MURO can claim a large degree of the credit for ousting Communist rectors at these universities.

- c. Kept its publication, ESPEJO, actively attempting to counter overwhelming odds and advantages held by pro-Markist economists and their teachings in Mexico. Chief ODACID believes the Director and the organization are most useful in this regard.
- d. Taught groups of students pro-capitalist, pro-free enterprise economics -- a rare and much needed service in Mexico where the Communists have taken over the field of economics in higher education.
- e. Continuously published pro-PBPRIME, pro-free enterprise and anti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.
- f. Attempted to spread to other Latin American countries, and to coordinate with appropriate organizations and individuals in these countries, anti-Marxist economic theories.

g. Some examples of production from this organization are:
(1) HMMA-20947 of 14 March 1963; (2) HMMA-20300 of 3 December 1962;

- (3) HMMT-3106 of 28 September 1962; (4) HMMA-19296 of 6 July 1962;
- (5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

SECRET/KAPOK

PROCESSING ACTION CLASSIFICATION DISPATCH SECRET Marked for Indexing XX Chief, WHD HO INDEXING BEQUIRED ONLY QUALIFIED DESK CAN JUDGE INDEXING XX Chief of Station, Mexico City MICROFILE General - Operational Specific - Present Status of LIHUFF ACTION REQUIRED - REFERENCES REFERENCES: a. HMMA-23708, dated 17 June 1964 b. HMMA-23855, dated 9 July 1964 1. At the time the LIHUFF activity is approved as a formal project, it is the present intention to turn over the operation to either Oliver N. PRIMACK or Stewart R. PATAKER as the case officer. However, for obvious reasons, it is not desired to make the introduction of one of these individuals to LIHUFF/1 until such time as an assurance of continuity with Headquarters' approval of the activity as a formal project has been received. 2. In view of the time which has elasped since the exchanges indicated in referenced dispatches have taken place, the Station would appreciate an indication from Headquarters whether or not LIHUFF is being processed as a project. If it is not or approval has been denied for one reason or another, the Station would also appreciate knowing this so whatever action has to be undertaken can be initiated. Willord C. CURTIS Distribution: 3 - WHD2 - Files CS Copy Excluded from Comman CROSS REFERENCE TO DISPATCH SYMBOL AND NUMBER DATE HMMA-24682 3 Nov 64 HQS FILE NUMBER CLASSIFICATION

SECRET

50-124-28/1

#### MEMORANDUM FOR THE RECORD

SUBJECT: Comments on Proposed Project LIHUFF

1. I recommend this project proposal not be submitted for approval, for the following reasons:

a. The LIHUFF organization has other sources of funds and would conduct its activities anyway without any support or aid from CIA or any other U. S. Government agency. En 23 TO Res-A project to fund the organization is unnecessary.

b. The Station indicates that it has achieved, And and can continue to achieve, results through the LIHUFF mechanism without making sizeable payments. A project to control provide a subsidy is therefore unnecessary.

c. Several members of the LIHUFF organization are also members of the LISIREN organization. One of them, Eduardo PRIETO Lopez, recently discussed the LISIREN operation with the DCI in the latter's Headquarters office and is aware of U. S. Government funding to the LISIEEN complex. This fact, taken with the similarity of the proposed funding mechanism to that of LISIREN, the similarity of operations of the two organizations, and other such parallels could eventually be expected to strip LIHUFF of its cover and create a potential security problem.

- d. The activities that this proposed project would subsidize overlap the activities of several other operations in the Station. LIHUFF does not contribute enough beyond this overlapping to be justified. Its student program coincides with Projects HIEVICT, LILISP-C and, to a lesser extent, LICOAX. Its press placement and publications program duplicates much of that contemplated or conducted in LISIAEN, LINOCULE, and LILISPE. (only an a small way)
  - e. The past accomplishments of the operation cited in the project outline, Appendix II, are minimal at best and hardly sufficient to recommend the project. Briefly, these accomplishments were:

We

- (1) HMHA-20905: LIHUFF obtained a copy of a book now out of print written by Victor Manuel VILLSENOR, whose views were of interest to the Ambassador at the time.
- (2) HMMA-20306: At the Station's request, LIHUFF "suggested" preparation of a reply to a booklet written by a Communist Party leader.
- (3) HMHA-19296: LIHUFF/1 returned from a trip to Venezuela with a copy of a plan for communist operations there.
- (4) HMMA-18685: LIHUFF has ties with CEES in Guatemala.
- (5) HHMA-18678: LIKUFF published and distributed a commentary on a Harxist book about Cuba.
- (6) HMMT-3106: LIHUFF gave the Station a list of Communists, Socialists, and Marxists. (The project outline points out that the Station already knew most of them.)
- 2. I further recommend that the Station be asked to confine its activities in this operation to those of only momentary importance that can obtain results with little or no expense. There is a fulfilled by hand;

. .

Gabe Love

### PROJECT CUTLINE

CRYPTONYM LIHUFF FIELD CASE OFFICER WILLIAM C. CURTIS

STATION MEXICO CITY CHIEF OF STATION WILLIAM C. CURTIS

The attached project is presented for approval.

### A. Identification.

Mexico City, Mexico -- Palitical Activa. See C. below for other countries which may become involved.

### B. Objectives.

To support and sustain a long-established, proved, anti-Communist front organization in Manco. To encourage the expansion of the group's present efforts in provincial Mexico, and, to some extent, in other countries. To obtain a measure of arguificant control over the organization through this continued funding. To guide the group in increasingly more efficient methods of fighting Communism and festering pro-western programs, such as the Alliance for Progress. To accomplish the following objectives in the Related Mission Directive: Prierity A. I. a. c. d. c. f. g: Priority B. I. a. b. d.

### C. Background.

LIHUFF (identity A) was founded in 1751 under the amplices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free exterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Cammunism (particularly in its sememic aspects) and hyper-maticulation. It has also financed the publication of pamphlets, building an economic metters, and backs. The director of this group (LIMUFF-1) received support from LIMUFF-1 and the business firm which LIMUFF-1 headed in Mexico until 11 Decomber 1761 when this company decided to give up its franchise in Mexico.

In June 1960 LIHUFF-1 visited the ODACID Political Counselor and requested an ODACID contact with LIHUFF-1's arganization. Subsequently, Chief ODACID Mexicq asked the COS, KUBARK Mexico, to explore the possibility of giving financial help to the group headed by LIHUFF-2. In mid-August 1962 (HMMS-2530 RYBAT), Oliver G. GALEOND advised the Mexico Station that the group had been receiving partial financial aid from a group of PEPRIME business corporations (solicited by Mr. Heavy Helland, now deceased) and that KUBARK Headquarters had also provided some financial assistance through this channel. After the death of

Mr. Helland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local ODACID Chief was consulted. He replied that he thought LiHUFF-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the LiHUFF publication (HMMT-3023 RYBAT 1926, 39 August 1962).

The LIHUFF organisation has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIMITE devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

Liffuff maintains an excellent library of source materials on economics and free enterprise, which is eyon to interested researchers. Liffuff publishes regularly a considerable amount of materials, including the monthly publication (identity B). See Enclosure 5 for samples of LIHUFF publications.

The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; has erganized a national student group (Identity C); and engages in militant student political action.

LIHUFF also prepares and sends out to provincial newspapers editorials featuring enti-Communist themes. In the last four years LIHUFF has collected 65 losse-leaf binders filled with editorial clips authored in the LIHUFF edfice. LIHUFF also sponsors a training course at which interested groups (ed. 15 to 20 persons) are indoctrinated.

LIMUFF-2. Director of LIMUFF, has shown completed dedication to his program. The members of LIMUFF, aspecially the students, have demonstrated courage and competence in a variety of operations.

### D. Operational Ascets.

#### 1. Personnel.

LIMUFF-1 is a 47 year old PBPRIME businessman who acts as a

LIMUTE-I worked for KUBARK [rom 1947 until /.pril 1949]
when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1902 was hired for the above work. Biographical data is being forwarded via separate dispatch. He is contacted by Willard C. CURTIS or Michael C. CHOADEN. Training is not required since LIHUFF-1 has been in intelligence work from his corvice with PBPRIME military intelligence during WWII. He was engaged to work for PBPRIME military intelligence in Mexico until recently. He knews that he is working for KUBARK. HMMW-11040 of 25 October 1902 granted OA for LIHUFF-1.

LIHUFF-2 is a 46 year cld

In hierica and in hierica and cther Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYOKE; however, cover used is that the mone. is from private business groups. He was greated an OA on 25 October 1762 (HAMW-11089 of 9 November 1962).

#### 2. Mechanismo.

- a. The principal officers of the Identity A group are listed in Appendix I (separate cover enclosure No. 3). Other details of the organization are included in C. Background above.
- b. The Liliuff organization frequently and regularly makes press placements in all of Mexico City's loading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irrogular basis.
- (1) General propaganda and political actions of LIHUFF will be influenced and guidedby the Station for its benefit.
- (2) LIMUFF student operations have already been utilized (elien in ceerdination with other Station student assets).
- (3) The LIHUFF editorial service for provincial news-
- (4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.
- (5) LIHUFF's international connections, especially his associated offices in Salvador and Cuatemala, will be exploited.

(6) The Station will call on LIHUFF to fill research needs.

### E. Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUBARK participation is concealed. It is not connected in any way with any other KUBARK operation.

#### F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIRUFF-1 was cleared with PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

### G. Costo.

i. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1963 through 30 April 1964;

	FY 1963	FY 1964
LINUFF-1 Salary	\$ 1.000.	\$ 5.000.
Identity publication	2,400.	12.090.
Identity student organisation	1.600.	8,000.
retal	\$5,000.	\$25,000.

Statica Menico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organization receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate solely on Station funds. Should this occur, steps will be taken to place the organization under complete, classic control.

### 2. Fereign Currency.

There are no special requirements for foreign currency.

### 3. Commitments.

No permanent commitments have been made.

### 4. Funding and Accountability.

Funds will be paid to LIMUFF-: by CCS Maxico. Receipts will be obtained. The money will be paid in each in local currency. There are no unusual funding and accountability requirements.

### H. AEDORGO.

### 1. Administrative Plan or Fiscal Anuex.

It is not believed that this annex is required for the LIHUFF Project.

### 3. Communications.

There are no communications requirements for the present time.

### 3. Technical Support.

There are no technical support requirements for this project.

### 4. Logietics.

There are no legistical requirements for this project.

### B. Intelligence.

Operational intelligence from other PBPRIME agencies is not required.

### 1. Emergency Conditions.

Mance the Director of the group is a Mexican national, he could continue living and working in Monico in the event of emergency auti-ODYOKE citations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or coase to function in Mexico. However, a change in the Mexican political

scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the COS with either Limury-1 or Limury-2.

NOTE: For a note on the production and some successes of the LIHUFF erganization, see Appendix II (separate cover enclosure 4).

Enclosure 3 to HMMA-' 20931 (UNDER BEPARATE COVER)

### APPENDIX I

#### Lacatiticon

- A. Instituto de Investigaciones Sociales y Economicas, A. C.
- E. ESPEIO, an economics journal which strongly supports the free materprise system.
- C. M.U.R.O.
- D. Principal Officers of labovo:

Director: Lic. Agustia HAVARRO V. Lic. Carlos BANCHEZ MEJORADA Engique Unthoff Hero Ealinas Lie. Guetavo R. VELASCO ing. Jose RIVERA R. Lie. Pedro ASPE Sain Anital do ITURBIDE Mariano R. SUAREZ Ing. Jose de la MACORBA Jacobo FEREL Barross Lia. Astaro BUENO Y Urquidi Lie. Carlos LOPE 2 de Liergo Expenso J. AMESCUA Gullermo GUAJARDO Davis Jose A. ESCANDON Lic. Ednardo PRIETO Lopes Astenio L. RODRIGUEZ Temas G. COARASA Lie. Antesio PEREZ Verdia Jr. Adallo L RIVEROLL Federico BANCHEZ Fogarty Clemente SERNA Martines Cayeteso BLANCO Vigil Folix DIAZ Garsa Enrique Al'ALA Medina

BECKET/KAPOK

The files of the Mexico Station have been checked for deregatory information information on the names above. There was no deregatory information on anyone of them except 

Efforts will be under via Linux F-1 to get him removed from the organization.

### SECKEY/KAPOK

Enclosure 4 to HMMA-2091 (UNDER SEPARATE COVER)

### APPENDIX II

The Organization and its Director have.

- a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adde to Station knowledge.
- b. Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called bievimiento Universitaria Removadore Orientacie's (MURC) publishes PURO (Fiet), a fighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street fighting) action. MURO has been very active in the National University of Mulico (UNAM); the University of Puebla and the University of Milhabens. In the last two MURO can claim a large degree of the credit for certing Communist rectors at these universities.
- c. Rept its publication. ESPEJO, actively attempting to counter overwhelming odds and advantages hold by pro-harmist economists and their teachings in Menico. Chief ODACID believes the Director and the organisation are most usoful in this regard.
- d. Taught groups of students pro-capitalist, pro-free emergrise occasimist -- a ware and much needed service in histor where the Communical have taken over the field of economics in higher education.
- e. Continuously published pro-PBPRIME, pro-free enterprise and anti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.
- f. Attempted to spread to other Latin American countries.

  Sand to coordinate with appropriate organizations and individuals in these countries, enti-Marrist economic theories.
- g. Some reamples of production from this organization are:
  (1) HMMA-20747 of 14 March 1963; (2) HMMA-20306 of 3 December 1962;
- (3) HMMT-1105 of 28 September 1962; (4) HMMA-19296 of a July 1962;
- (5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

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	with the refer	ence was expected here	not late	r than
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	there has been	any progress on the pr	inting o	f the book
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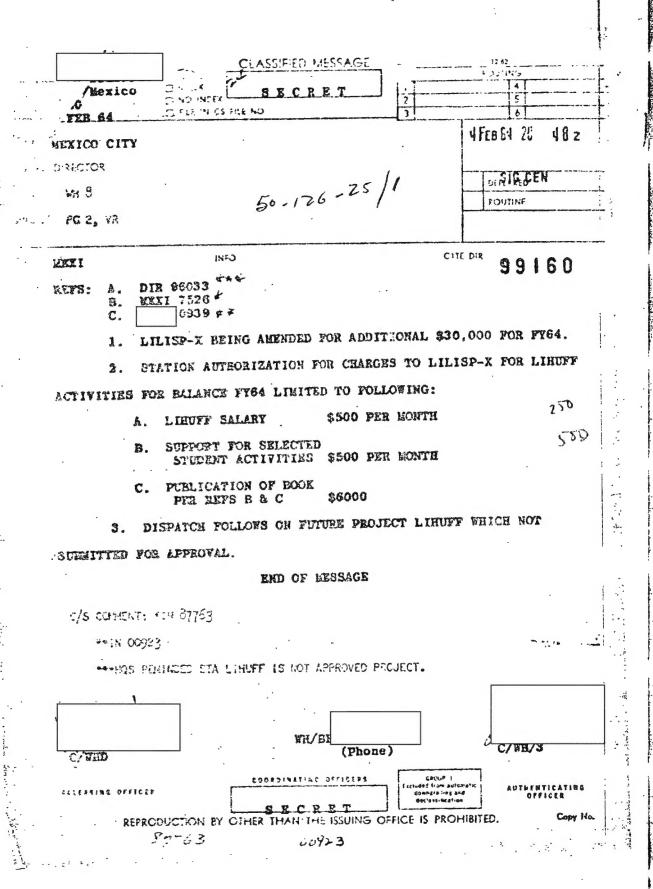
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l. With the discontinuance of the subsidy for the publication of the LIHUFF magazine as reported in Paragraph 3 of Reference B, Headquarter's major objection to this project has been satisfied. However, we feel compelled to point out to the Station that despite a clear disapproval of this subsidy in Reference A, the Station continued payment of it for an additional five months. In the absence of any interim reporting or other attempt to justify this continued expenditure, the Station Chief exceeded his fiscal authority. Although Headquarters is prepared to make a concession to the Station with rejard to other aspects of the project as stated later in this dispatch, we must advise you that the prolongation of the LIHUFF-1 magazine subsidy for five months is viewed here with great seriousness. It is requested that Willard C. Curtis prepare a dispatch explaining the Station's action in this matter.

- 2. With regard to other facets of the project, we are willing to continue for a time even though we are not fully convinced that the level of LIHUFF-1's compensation or the student activities supported are justifiable. To avoid an arbitrary termination of the entire operation at this time, you are authorized to proceed for balance of Fiscal Year 1964 on the following basis:
  - A. To continue LIHUFF-L's compensation at \$500 per month.
- B. To support selected student activities through the LIHUFF complex at a rate not to exceed \$500 a month.
- C. To meet the cost of publication of the book per | HMMA 21976 which we estimate should not exceed a total cost of \$6000.

(continued)

Distribution:

O & 1 - COS, Mexico City

CROSS REFFRENCE TO

DISPATCH SYMBOL AND NUMBER

HMMW 12311

CLASSIFICATION

CLASSIFICATION

SECRET

DATE

28 January 1964

CLASSIFICATION

HQS FILE NUMBER

50-124-28

CONTINUATION OF DISPATCH

SECRET

HMM 12311

Should you wish to support other specific projects through LIHUFF such as the publication of the book, these will be considered by Headquarters on a case to case basis.

- 3. The above authorized expenditures are to be charged to D&TO and under no circumstances are they to exceed the amounts specified. In this connection, you are advised that Headquarters has allocated an additional \$30,000 to the Station's D&TO funds for the fiscal year 1964 bringing the total for FY64 to \$82,500. It is not likely that any further increase can be obtained.
- 4. The Station is also requested to submit to Headquarters, not later than 1 June 1964, an up-dated assessment of the LIHUFF operation. If at that time the Station wishes to present a revised project for fiscal year 1965, your recommendations should be fully submitted in the reassessment. If your recommendations are accepted, then Headquarters will undertake to rewrite the project outline forwarded with HMMA 20931 and submit the project for approval.

OLIVER G. GALBOND

FORM 53a USE PREVIOUS EDITION.